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Subject:	WSJ: Senate Slams J.P. Morgan on 'Whale' Trades

Senate Slams J.P. Morgan on 'Whale' Trades

By [DAN FITZPATRICK](#), [SCOTT PATTERSON](#) and [GREGORY ZUCKERMAN](#)

A Senate panel slammed [J.P. Morgan Chase JPM +1.67%](#) & Co. for misleading regulators and investors about the scope of losses on its "London whale" trades last year, revealing more internal warnings about the botched trades than the largest U.S. bank previously disclosed.

One risk gauge at the bank projected in February 2012 that the firm could lose \$6.3 billion on the trades. But the warning was dismissed by a key risk manager as "garbage," according to the 301-page report by the Senate's Permanent Subcommittee on Investigations. The New York company's trading losses ultimately exceeded \$6 billion.

The report, which was the product of more than 50 interviews and a review of 90,000 documents, also shows that J.P. Morgan withheld certain information from its regulators. The company ignored alarms triggered weeks and in some cases months before Chief Executive [James Dimon](#) dismissed concerns about them as a "tempest in a teapot" on an April 13, 2012, earnings conference call, the report shows.

The Senate effort is the first definitive account of an episode that has hit the company's reputation for risk management, which once was viewed as the best on Wall Street. J.P. Morgan's board halved Mr. Dimon's 2012 pay following the trading losses, even as the company posted record profit of \$21.3 billion. On Thursday, the Federal Reserve cited the company for weaknesses in its capital planning and said J.P. Morgan would have to resubmit this year a plan to expand its share buyback and raise its dividend.

Senate investigators "found a trading operation that piled on risk, ignored limits on risk taking, hid losses, dodged oversight and misinformed the public," said Sen. Carl Levin (D., Mich.), head of the subcommittee, in a press briefing Thursday.

"While we have repeatedly acknowledged mistakes, our senior management acted in good faith and never had any intent to mislead anyone," J.P. Morgan said in a statement.

The panel will also question officials with the Office of the Comptroller of the Currency, the bank's front-line regulator, including its head Thomas Curry.

Sen. [John McCain](#) (R., Ariz.), ranking member of the subcommittee, said the firm "misled investors and the American taxpayer," calling the losses a "massive failure not only by J.P. Morgan but also by the federal government."

An OCC spokesman said in a statement Thursday that the regulator recognizes "shortcomings" in its supervision and is taking "steps to improve our supervisory process across the large complex financial institutions we supervise."

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